

ECONOMIC DEVELOPMENT

DESCRIPTION

The Department of Economic Development is responsible for the recruitment and location of new and expanding industry to Chesterfield County. The department strives to create and maintain a stable and diverse business and industrial base so that adequate services can be provided without excessive taxes on county citizens.

The department also assists existing Chesterfield County businesses and industries and serves as a catalyst to improve the county's business climate. This is accomplished by making recommendations to and working with the Board of Supervisors, county administration, regulatory agencies, and other departments to improve services to and interaction with the business community.

FINANCIAL ACTIVITY

	FY2002 Actual	FY2003 Adopted	FY2004 Biennial Planned	FY2004 Adopted	Change FY2003 to FY2004	FY2005 Projected	FY2006 Projected	FY2007 Projected
Personnel	\$634,789	\$631,300	\$631,300	\$655,900	3.9%	\$655,900	\$655,900	\$655,900
Operating	664,580	748,800	748,800	747,500	-0.2%	746,700	749,200	749,200
Capital	<u>8,985</u>	<u>10,000</u>	<u>10,000</u>	<u>7,700</u>	-23.0%	<u>8,500</u>	<u>6,000</u>	<u>6,000</u>
Total	\$1,308,354	\$1,390,100	\$1,390,100	\$1,411,100	1.5%	\$1,411,100	\$1,411,100	\$1,411,100
Revenue	<u>7,722</u>	<u>9,000</u>	<u>9,000</u>	<u>0</u>	-100.0%	<u>0</u>	<u>0</u>	<u>0</u>
Net Cost	\$1,300,632	\$1,381,100	\$1,381,100	\$1,411,100	2.2%	\$1,411,100	\$1,411,100	\$1,411,100
FT Pos.	9	9	9	9	0	9	9	9

BUDGET ANALYSIS AND EVALUATION

The Department of Economic Development anticipates an increase in requests for county assistance with site assessment studies, incentive packages, and general business support from companies looking to locate in Chesterfield County. Site studies often require outside expertise from consultants, as they usually focus on environmental, archeological, historic preservation, and wetlands evaluation. Additionally, incentives are playing a greater role in the competitive nature of economic development, as companies and consultants are often using this as a screening tool early on in the life of a project. To help offset some of these requirements, funding in the amount of \$110,000 is included in the county's FY2004 budget. However, this funding is not reflected in the department's budget shown in the table above.

Prospective business activity has remained steady over the past year, despite the slowdown in the U.S. and global economies. Much of this activity often

requires that the department complete extensive and detailed questionnaires within very short timeframes. Additionally, most company projects are on an expedited schedule requiring a significant amount of staff time to assist and guide them through county regulatory processes and procedures.

While new investment activity reached record levels in 2001, calendar year 2002 reflected the overall economic downturn being felt nationwide. However, during 2002 over \$73 million in capital was invested in Chesterfield County—most of which came from expansions of several existing businesses. This demonstrates the importance of maintaining a favorable business climate, as the success and growth of companies already operating within the county are a testament to attracting new ones.

The demand for small and minority business services has grown significantly over the past year and the number of requests for staff assistance, counseling,

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and training continues to increase. Therefore, the department is exploring new partnerships and programs that can provide enhanced services within existing funding.

Staff training in emerging technologies and targeted industries is becoming a critical component of the county's recruiting efforts. With many of these

industries being developed on the international front, marketing missions to foreign based companies will likely be necessary in FY2004 to assist in recruitment efforts.

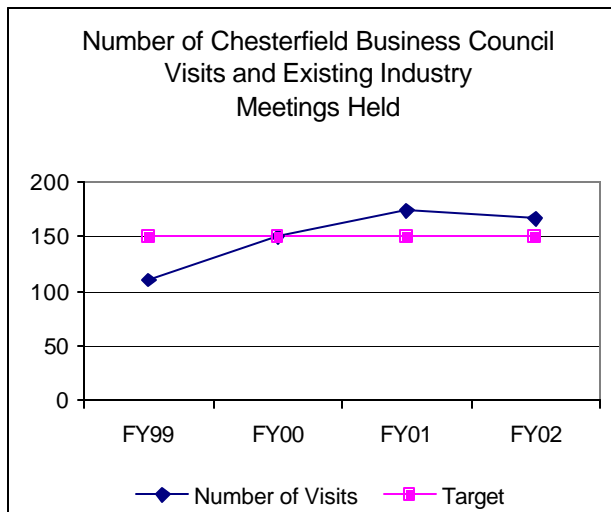
The FY2004 budget includes additional funding in the amount of \$3,200 to cover office rental increases.

HOW ARE WE DOING?

Goal: To develop and maintain positive working relationships between Chesterfield County and business industry and citizens. Supports countywide strategic goal numbers 1, 2, and 7

Objective: To coordinate Chesterfield Business Council (CBC) visits and plan to carry out existing industry meetings

Measure: Number of CBC visits and existing industry meetings held

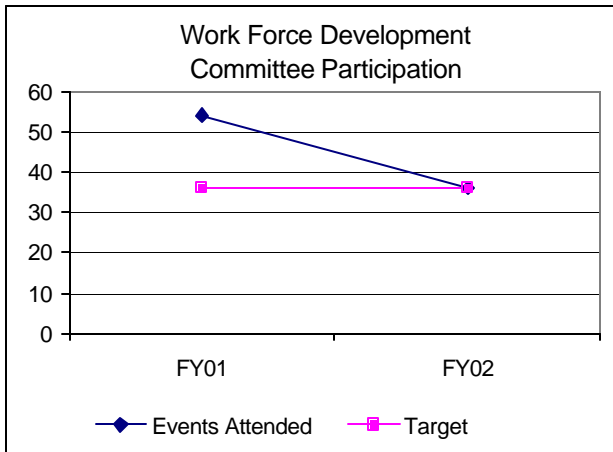


Initiatives

- Staff to coordinate CBC volunteers and feedback
- Annual pre-scheduled quarterly meetings with industry executives
- Speaking engagements by staff members to professional and community organizations on a requested basis
- Attend site plan meetings to facilitate process with prospects
- Staff meeting with existing industries on site to learn more about their businesses and issues
- Assist businesses with their groundbreakings and grand openings
- Coordinate and distribute four Business/ Industry Appreciation & Recognition Awards
- Coordinate the annual Business of the Year Award Program and sponsor Business Appreciation Week activities

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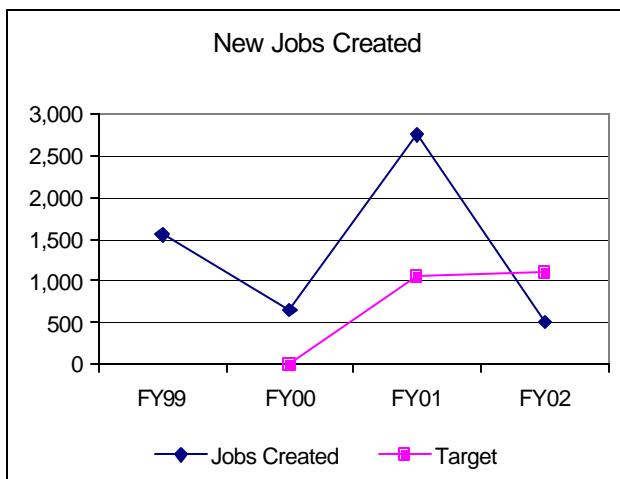
- Goal:** To develop a workforce that meets business needs. Supports countywide strategic goal numbers 1, 2, and 7
- Objective:** To participate as a member on work force development committees, such as Work Force One, Career Development Advisory Committee, and Virginia Works.
- Measure:** Number of meetings and events attended by staff



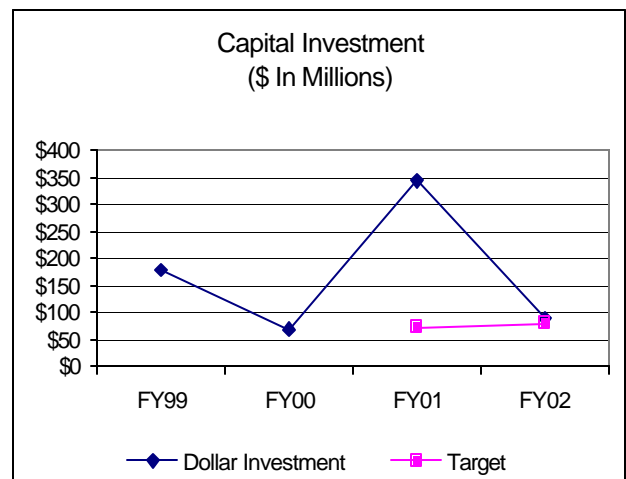
Initiatives

- Now established as a primary goal
- Key staff members assigned to be active members of these organizations

- Goal:** To increase Chesterfield County's commercial and industrial tax base by successfully locating business and industry through varied marketing activities. Supports countywide strategic goal numbers 1, 2, and 7
- Objective:** To gain new jobs and capital investment in Chesterfield County
- Measure:** Annual number of new jobs and capital investment dollars



Note: Targets were not established for this measure for the period FY1999-FY2002



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Initiatives

- Targeted industry sectors assigned to each project manager
- Staff participation in marketing trips, trade shows, Web site activities, and industry expansion efforts

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WHERE ARE WE GOING?

The increasing pressure of residential encroachment will place greater emphasis on protecting commercial and industrial property. As such, the county will need to take a more proactive role in rezoning property and educating the public about the importance of economic development. One area of particular focus is the Route 288 corridor and the need to position and protect this new gateway to Chesterfield as a regional employment center for the future. This is likely to require outside zoning and development expertise and the funding to retain those services. The department will also continue its active and aggressive marketing of the Meadowville Technology Park to high-tech industries such as biotechnology, pharmaceutical, and microelectronics.

The department continues to handle production of advertising and marketing activities in-house, resulting in substantial savings in operating costs.

However, the need to upgrade computer and presentation equipment will be required in order to maintain these functions and ensure the department retains its “cutting edge” reputation.

Incentives have become a major factor in successfully recruiting new companies and retaining existing businesses. As such the county will need to identify additional funding sources and county services that will allow it to remain a strong and viable player in the economic development market. Additionally, it is likely that international recruitment will increase as Far Eastern and European companies seek to penetrate U.S. markets. This will require additional funding for international travel.

Projected funding in FY2005 through FY2007 remains constant.